GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1424
ANSWERED ON:02.03.2001
ESTABLISHMENT OF FOREIGN OWNED SUBSIDIARIES
AJAY SINGH CHAUTALA

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether the Government are permitting foreign companies to establish wholly owned subsidiaries aiming at to encourage direct foreign aid;

(b) if so, the details thereof and the names of sectors where such subsidiary companies are likely to be opened;

(c) the likely effect on Indian Economy and Industries as a result thereof; and

(d) the approximate foreign exchange likely to be earned by the country?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (DR. RAMAN SINGH)

(a) to (d): Policy relating to foreign aid is not formulated by this Ministry. However, as far as Foreign Direct Investment is concerned, the Government is permitting foreign owned subsidiaries in Manufacturing Sector (except for items reserved for Small Scale Industry, Defence, Strategic Industries, Atomic Energy), Films, Mining, Pollution Control and Management, Power (except Atomic Energy), Roads, Highways, Vehicular Bridges, Vehicular Tunnels, Ports and Harbours, Internet Providers (except for gateway), Infrastructure Providers providing dark fibre, electronic mail and voice mail, coal and lignite, hotel and tourism, petroleum sector, cash & carry wholesale trading/ export trading and Venture Capital Funds. Foreign investment is perceived as a means of bringing in new and competitive technologies and managerial skills along with needed capital to supplement domestic capital. The inflow of foreign investment is dependent on the commercial judgement of the investors, availability of adequate and dependable infrastructure facilities such as power, developed land etc.; and incentives and subsidies provided by State Governments for attracting investment into the States and Union Territories.